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FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

New Service Reporting
Requirements Under Price Caps
Regulation

CC Docket No. 92-275

COMMENTS OF GTE

GTE Service Corporation and its affiliated domestic telephone operating companies ("GTE"), offer their comments in response to the Commission's proposal to reduce the frequency with which Price Cap carriers must file certain reports regarding their offering of new interstate services in the above-referenced Notice of Proposed Rulemaking ("Notice"), New Service Reporting Requirements Under Price Cap Regulation, FCC 92-514, January 19, 1993. The Notice proposes to require annual filings and to establish a sunset provision for the reporting requirement.

BACKGROUND

Carriers are currently required to file quarterly reports comparing actual results with earlier projections of cost and demand data for new service offerings. The Commission has found the reports helpful in monitoring carrier demand forecasts. Forecasts can be reviewed for consistent inaccuracies and the reports provide some insight as to whether new carrier services are meeting customer needs. Although service demand information appears with similar information for other services in the actual price index and service category band index over time, the Commission has found that isolating new service operating

results on a service-by-service basis better determines if the incentives created by price cap regulation are fostering development of services that customers want.

The Notice (at 4-5) concludes that an annual new service report, reporting each new service separately, would be equally useful and less of an administrative burden to all parties. An annual reporting requirement will replace the current quarterly obligation. The Commission proposes several changes to the existing reporting requirements. A carrier's new service reporting obligation will conclude after the second annual report following inclusion of that new service in price cap indices. Carriers will be required to file their reports on the last day of the first calendar quarter of each year. The reports will include all new services introduced during the previous calendar year.

DISCUSSION

GTE commends the Commission on its proposal to streamline the reporting requirements associated with new services. At a time when regulatory and industry bodies are actively seeking reform and simplification of traditional regulatory processes, the Notice is both timely and appropriate.

The Notice tentatively concludes (at 4), that "annual reports that separately report on each new service will be equally useful and less of a burden on both carriers and the Commission" and proposes that the current carrier reporting requirement be revised from a quarterly to an annual basis.

GTE supports this change to annual reporting for several reasons. Quarterly reports encompassing the first few quarters after introduction of a new service are of limited usefulness because service demand levels build gradually over time. Initial levels reported in the earlier quarterly reports are rarely

representative of a service's eventual "going level" of demand. Since carrier demand forecasts are developed for a twelve month period, an annual report of actual results on the same basis, would facilitate any forecast monitoring exercise and make it more meaningful. The Commission's action in eliminating the net revenue test as part of the requirements for carrier introduction of new services under price cap regulation essentially renders the need for quarterly reporting moot. Finally, an annual reporting requirement is undoubtedly less burdensome to the filers and the Commission.

The Notice (at 5) proposes that a carrier's obligation to file new service reports should terminate after the second annual report following the inclusion of the service in price cap indices. Thus, a carrier would be obligated to file three annual reports on each new service it introduces. GTE supports the need for a sunset provision, but believes there is an opportunity to reform the process even further. Carrier reporting obligations could be reduced by eliminating the new service report requirement after a service has been incorporated into price cap regulation. Once a new service is incorporated into price cap regulation, little benefit is derived from reporting the same service demand data in both the Tariff Review Plan ("TRP") and new service filings. Annual carrier TRP filings report a variety of information the Commission finds useful for monitoring price cap services, including service demand data. GTE proposes carrier reporting obligations cease at that time, reducing a carrier's annual new service reporting obligation from three reports to two.

The Notice (at 5) proposes that carriers be required "to file new service reports on the last day of the first calendar quarter, to include all new services introduced in the last calendar year." GTE believes this requirement should be somewhat modified resulting in the further reduction of new service reporting to

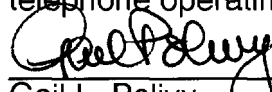
one. As the Notice (at 4) correctly states, "quarterly results during the first few quarters are of limited usefulness." Until a new service has been available for a full calendar year, it is unlikely that demand levels have had sufficient time to develop. The limited value of such early observations makes any comparison and conclusions questionable and does not merit the reporting and analytical burdens incurred. GTE proposes the new service report filing date be the last day of the first calendar quarter after a particular service has been offered for a full calendar year. This would enable carriers to, at a minimum, report a full year of service demand data for each new service introduced. Such a report would reflect more reliable levels of customer demand and any comparison of experienced and forecasted data would be more valid.

CONCLUSION

GTE believes this Notice represents a timely and appropriate response to an opportunity for regulatory reform and simplification. GTE urges the Commission to (1) adopt an annual filing requirement for price cap carrier new service reporting, (2) terminate carrier reporting obligations after a service has been incorporated into price cap regulation, and (3) not require new service reporting until a particular service has been offered for a full calendar year.

Respectfully submitted,

GTE Service Corporation and
its affiliated domestic
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